

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1197 – SB 1336

March 30, 2015

SUMMARY OF ORIGINAL BILL: Declares that relief from property taxes will only be provided to one recipient per property per year in a given jurisdiction.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005376): Deletes and rewrites the bill in its entirety. Beginning in tax year 2015, reduces from \$25,000 to \$23,000, the first portion of home value for which tax relief will be reimbursed to elderly low income and disabled home owners. Reduces from \$175,000 to \$125,000, the first portion of home value for which tax relief will be reimbursed to disabled veteran home owners. Caps the income eligibility for the disabled veteran home owner tax relief program at \$60,000 for those who have not received a tax reimbursement prior to tax year 2015.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$5,000,000/FY15-16

Exceeds \$5,000,000/FY16-17 and beyond

Assumptions for the bill as amended:

- The Comptroller of the Treasury reports that the relevant property tax relief programs are currently funded at \$28.4 million.
- Based on information provided by the Comptroller, to fully fund those property tax relief programs under current law, approximately \$36.6 million would be required.
- Based on information provided by the Comptroller, based on the provisions of the amended bill, the fully funded costs of those property tax relief programs would drop to \$33.4 million (a \$3.2 million reduction).
- For the purpose of this analysis, it is presumed that the intent to fully fund these property tax relief programs going forward.
- By reducing the fully-funded cost to \$33.4M, the required increase in state expenditures cover the full cost of these property tax relief programs is estimated to be \$5,000,000 (\$33,400,000 - \$28,400,000 current funding level).
- The Comptroller projects growth of five percent for the elderly low income tax relief and growth of 22.0 percent for the veteran tax relief program. Therefore, the annual cost

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will rise slightly each subsequent year if those property tax relief programs continue to be fully funded.

- For purposes of brevity, the calculations from which the estimates for FY16-17 and subsequent years are derived have been omitted from the assumptions of this fiscal note. However, these calculations are on file with Fiscal Review Committee staff and are available upon request.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

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